to distilled spirits, except those requiring the payment of tax.

(26 U.S.C. 5561, 5562)

§ 19.31 Pilot operations.

Except for the filing of any bond or the payment of any tax provided for in 26 U.S.C. chapter 51, TTB may waive any regulatory provision in this part for temporary pilot or experimental operations for the purpose of facilitating the development and testing of improved methods of governmental supervision (necessary for the protection of the revenue) over plants. For this purpose, the appropriate TTB officer may, with the approval of the proprietor thereof, designate any plant for such operations. Any waiver granted under this section must be in writing and signed by the appropriate TTB officer. The waiver will identify the provisions of law and/or regulations waived and the period of time during which the waiver will be effective. The appropriate TTB officer may terminate the waiver if he or she determines that the waiver jeopardizes the revenue.

(26 U.S.C. 5554)

§ 19.32 Experimental distilled spirits plants.

- (a) General. The appropriate TTB officer may authorize the establishment and operation of experimental plants for specific and limited periods of time solely for experimentation in, or development of:
- (1) Sources of materials from which spirits may be produced;
- (2) Processes by which spirits may be produced or refined; or
 - (3) Industrial uses of spirits.
- (b) Waiver. The appropriate TTB officer may waive any provision of 26 U.S.C. chapter 51 (other than 26 U.S.C. 5312) and of this part (other than §19.33) to the extent necessary to effectuate the purposes of 26 U.S.C. 5312(b) as outlined in paragraph (a) of this section. However, TTB will not waive the payment of any tax on spirits removed from an experimental plant.

(26 U.S.C. 5312)

§ 19.33 Application to establish experimental plants.

- (a) Application requirements. Any person who wishes to establish an experimental plant for the purposes specified in §19.32 must submit a written application to the appropriate TTB officer and obtain approval of the proposed experimental plant. The application must:
- (1) State the nature, extent, and purpose of the operations to be conducted;
- (2) Describe the operations and equipment;
- (3) Describe the location of the plant (including the proximity to other premises or operations subject to the provisions of 26 U.S.C. chapter 51); and
- (4) Describe the security measures to be provided.
- (b) *Bond*. The applicant must file a bond with the application in such form and penal sum as required by the appropriate TTB officer.
- (c) Approval of application. Before approving the application, the appropriate TTB officer may require that the applicant submit additional information if necessary. TTB will not approve the application and permit operations until the plant conforms to the specifications stated in the application and the applicant complies with provisions of 26 U.S.C. chapter 51 and with any provisions in this part that are not specifically waived.

(26 U.S.C. 5312)

§ 19.34 Experimental or research operations by scientific institutions and colleges of learning.

- (a) General. The appropriate TTB officer may authorize any scientific university, college of learning, or institution of scientific research to produce, receive, blend, treat, test, and store spirits, without payment of tax, for experimental or research use but not for consumption (other than in organoleptic tests) or sale, in quantities as may be reasonably necessary for those purposes.
- (b) Waiver. For purposes of this section, the appropriate TTB officer may waive any provision of 26 U.S.C. chapter 51 (other than 26 U.S.C. 5312) or this part (other than this section and §19.35) to the extent necessary to effect

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the purposes of 26 U.S.C. 5312(a). However, TTB will not waive the payment of any tax on distilled spirits removed from any university, college, or institution.

(26 U.S.C. 5312)

§ 19.35 Application by scientific institutions and colleges of learning for experimental or research operations.

- (a) Application requirements. A university, college, or scientific institution that wants to conduct any of the experimental or research operations mentioned in §19.34, must submit a written application to the appropriate TTB officer and obtain approval for the proposed operations. The application may be submitted on letterhead. The application must:
- (1) State the nature, extent, and purpose of the operations to be conducted;
- (2) Describe the operations and equip-
- (3) Describe the location where the operations will be conducted (including identification of the building or buildings, or the portions thereof to be used); and
- (4) Describe the security measures to be provided.
- (b) *Bond*. The applicant must file a bond with the application in such form and amount as required by the appropriate TTB officer.
- (c) Approval of application. Before approving the application, the appropriate TTB officer may require that the applicant submit additional information. The applicant may not commence operations until authorized by the appropriate TTB officer.
- (d) Records and reports. Any university, college, or institution authorized to conduct experimental or research operations must maintain records of the quantities of spirits produced, received, and used each day and must make these records available for inspection by TTB officers. Universities, colleges, or institutions authorized to conduct experimental or research operations are not required to submit reports of operations to TTB unless specifically required by the appropriate TTB officer.
- (e) Discontinuance of operations. When operations authorized under this sec-

tion are discontinued, the university, college, or institution must destroy all remaining spirits and notify the appropriate TTB officer that operations are discontinued.

(26 U.S.C. 5312)

§ 19.36 Spirits produced in industrial processes.

- (a) General. Except as otherwise provided in paragraph (b) of this section, any person who produces distilled spirits in an industrial process, including spirits produced as a byproduct in connection with chemical or other processes, is considered to be a distiller and therefore is required to qualify such operations as a distilled spirits plant and is subject to the registration requirements under the provisions of 26 U.S.C. chapter 51 and this part.
- (b) Waiver. TTB may waive application of any provision of 26 U.S.C. chapter 51, or of this part, involving the production of nonpotable chemical mixtures containing spirits, including any provision relating to qualification (except the dealer registration requirement) if the mixture is produced:
- (1) For transfer to the bonded premises of a distilled spirits plant for completion of distilling; or
- (2) As a byproduct which would require expensive and complex equipment for the recovery of spirits, and the mixture:
- (i) Would be destroyed on the premises where produced; or
- (ii) Would contain a minimum quantity of spirits, taking into account the procedure employed, would not be subjected to further operations solely for the purification or recovery of spirits, and would be found by TTB to be as nonpotable and as difficult to recover as completely denatured alcohol.

(26 U.S.C. 5201)

§ 19.37 Application for industrial processes waiver.

(a) Application for waiver. If the producer of a nonpotable chemical mixture containing spirits, as described in §19.36, wishes to obtain a waiver from the provisions of 26 U.S.C. chapter 51, or of this part, the producer must submit a written waiver application to the